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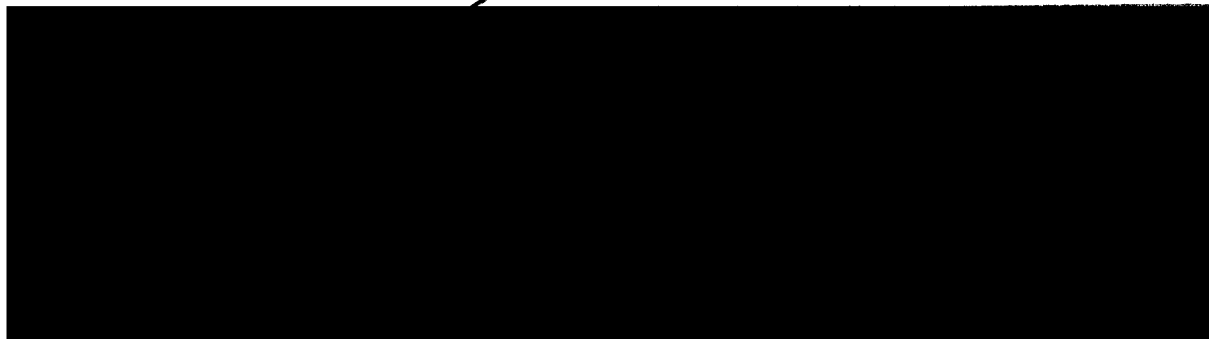
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The Political Atmosphere

1. It is generally believed in Yugoslavia that no change can be brought about from within and that truly democratic forces will remain helpless. On the other hand, Stalinists stand no chance at all to kindle a revolt against Tito unless the Soviet Union or her satellites attack Yugoslavia. In this case it is hard to say anything on the potential attitude of the army. Tito can trust most of his officers (even though the number of clandestine Cominformists is considered rather large); but large elements of the common soldiers would attempt to save their own skins by escaping to the West. The ambiguous situation of the soldiers who would have to defend the lesser evil (Tito) is likely to touch off a general collapse of the army. However this question cannot be judged separately and a decisive influence would be exerted by the attitude taken by the Western powers.
2. Meanwhile Tito is on the alert. Slogans like "Live in peace but be ready for war" make it obvious that every effort is made by Tito to unite the nation against Stalinist aggression. There are at least half a million people under arms and even soldiers over 40 years of age are summoned to military drill lasting three months. Large-scale maneuvers are held everywhere (on June 3 a sham attack was carried out against the city of Zagreb). Access to the largest cemetery in Zagreb (Mirogoj) has become difficult from the eastern and northern side because anti-aircraft cannon have been entrenched there. All girls and younger women are drafted by military authorities and instructed in the handling of weapons.
3. Attention should be given to tenacious rumors of an alleged antagonism between Tito and the Minister of the Interior, Alexander Rankovic, who is said to sponsor the policy of a neutral and "proud" Yugoslavia whereas Tito's attitude is getting ever more pro-Western. Presumably unfounded rumors which claim that it was Rankovic himself who fired at Tito and in this way caused Tito's "bilious attack" show that the nation does not believe in the friendship of the two most powerful men in Yugoslavia. This development is dangerous because a rift in the anti-Stalinist communist camp and the establishment of a "neutral" Yugoslavia would play into the hands of the agents of Moscow.

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4. Free democratic elections (no-one believes in such a possibility) would show an opposition of at least 78 to 85 percent to Tito. But if voters were called upon to choose between Tito or Stalin, 95 percent would support Tito. The UDBA has done excellent work in tracking down Stalinists, including those in the secret police itself. Not all of them are arrested (e.g. some harmless and stogy Cominformists were only turned out of the universities). It can be said, nevertheless, that the bulk of the Stalinists is kept under lock and key, either in jails or in special concentration camps like Goli Island near the Island of Pag. The circumstance that a great percentage of the so-called "ideal" communists have exhibited or still secretly exhibit pro-Stalinist sympathies finds its psychological explanation if one considers that Communist intellectuals still foster their dreamy concept of a Communist paradise which has been by no means established in Yugoslavia. In this way it is once more the Soviet Union which has to act as a distant goddess. The universities are the centers of secret Stalinist activity on the part of the Yugoslavs themselves; but it is obvious that most of Moscow's attention is paid to the army and to key positions.
5. There is an atmosphere of defeatism and cynicism in Yugoslavia. The only hope which people show unwillingness to abandon is that the United States might gradually succeed in getting unlimited control over Tito and eventually re-establish democracy. The population is grateful to the United States for her economic aid but on the other hand, indignant at the praise bestowed on Tito who - whether a friend or enemy of Stalin - remains a dictator. It is to be questioned if pro-Titoist statements made by the American Ambassador in Belgrade, Allen, do not tend to weaken the strong pro-American feeling of the population. The belief is expressed by Yugoslavs that the United States should be aware of the fact that there is a total discrepancy between Yugoslavia's foreign and domestic policy and that the population should not be asked to rejoice in a development which cannot be felt within the country.
6. Two errors should be avoided in broadcasts to Yugoslavia; the first of which is to advertise American democracy and the high standard of living. All Communist countries (except the Soviet Union) have a fresh memory of democracy and it is superfluous to teach a thing which people know and want themselves. What people want to hear is news on the hour of their liberation and the affirmation that their sufferings are not forgotten. Overdone information on freedom which still exists abroad will only drive them to anger and make them obdurate even against the United States.
7. The second psychological error committed in broadcasts to Yugoslavia (this also applies to those for Soviet-controlled countries) is the assertion that the West would never intervene in Communist countries and rather attempts to reach a period of peaceful co-existence. This is welcome propaganda for the Communists. A solution must be found to convince Communist-ruled nations that they will not forever remain at the mercy of their tyrants. The difficulties faced by American propaganda are particularly striking in the case of Yugoslavia where, on the one hand, the loyalty of Tito must be strengthened in every respect but, on the other hand, the population must be told that the times of democracy will return. Articles commending Yugoslavia should be avoided if possible because the Yugoslav press promptly quotes from these articles and the population gets the impression that everything amounts to "dirty politics" and that it is hardly worth while to support even the United States.
8. Even to-day no one will dare in Yugoslavia to profess openly his friendship for America and the Western countries. It is probable, however, that he will be spared imprisonment even if agents discover his attitude. But the slightest suspicion suffices to arrest a Stalinist. The Russians have taken over the role of the lepers which was played for several years by American personnel in Yugoslavia.

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9. The condition of the Church has shown a favorable development recently. Tito has recognized the need to make concessions in this field. No obstacles were made this year to Catholic pilgrims to Marija Bistrica but only small groups of the faithful were allowed to march together.
10. The population does not believe that any larger groups of "Crusaders" ("Krizari") hide in the woods. It is not from here that any one in Yugoslavia expects help. Moreover, the Crusaders were always extremely unpopular in Yugoslavia because they were chiefly recruited from former Fascists and Quislings.

#### Economic Conditions

11. In May 1951 the average salary of a Yugoslav employee or worker amounted to a net of less than 4,000 dinars per month. In spite of growing inflation no wage boosts have been carried out, with the exception of some special coupons which every citizen is authorized to receive from his "street board" and which may serve as money. These coupons are distributed free of charge but amount to an average of only 200 dinars per month.
12. There is hardly any exaggeration in the statement that American aid has spared Yugoslavia from a civil war staged by the despairing population. This chaos would probably have induced the Russians to attempt an occupation of Yugoslavia. The Yugoslavs feel grateful to the United States, to the only powerful friend they have.
13. Thanks to this aid, conditions have improved slightly. But it would be wrong to assume that a definite improvement has been achieved in the economic situation, which is characterized by growing unemployment and by desperate efforts of the population to make money in one way or another. Numerous citizens could be seen last winter in Zagreb trying to sell to the farmers the heavy coats they were wearing. Some two years ago the full employment which was artificially maintained in Yugoslavia by means of various "voluntary" construction projects had to give way to a steadily growing unemployment brought about by the blunders of Tito's economic policy and by the necessary reduction of the administrative staff which had grown out of all proportion. To-day workers are turned out into the street and symptomatic of this development is the closing down of shops. There is less pressure on university graduates to accept posts and this unemployment is explained away by Tito as a step toward "democratization" and as a free choice for every citizen to do what he wants.
14. In the face of this collapse of its economic policy, the government has taken to a line which resembles the "New Economic Policy" of the Soviet Union in the early thirties (sic). Private initiative is no longer excluded and privately owned shops appear instead of the State-administered stores. This is considered by the people as a proof that it is easy to denounce capitalism but difficult to establish a better system.
15. It is impossible to live on one's income in Yugoslavia. Stakhanovites and innovators receive special grants but the common man is obliged to concentrate on black marketeering (more or less tolerated by the State) and on rather dubious transactions. It suffices to repeat that the average salary amounts to less than 4,000 dinars per month and that on the "free market" a kilo of sugar costs 600 dinars, of lard 500 dinars, of pork 400 dinars and of white flour 250 dinars. Shoes cost between 7,000 and 8,000 dinars a pair and a decent suit about 30,000 dinars. It is extremely difficult to get these commodities on the rationing card and at lower prices. Material for an apron which a few months ago could be had on the rationing card at about 44 dinars per meter costs 600 dinars and is obtainable only on the grey market.

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16. American aid brought great relief, especially in the supply of milk and eggs. The farmers even lost part of their abnormal profits because people were provided with American milk in powder. Families with several "CARF-cards" experienced an easing in their strained living conditions. The distribution of American flour was, however, less satisfactory and it is believed that the bulk of it went to the Army. Consumers have received about one kilo of American flour per month and even this was given only in place of domestic flour. In addition, about one fourth of the monthly rationing card for flour has been declared invalid and after the middle of the month there is no bread in most of the households so that consumers must buy potatoes at 60 to 80 dinars per kilo or flour at about 200 dinars a kilo. The sugar ration has also been reduced and workers receive only 1 kilo per month instead of the former 1.2 kilos. Meat is very scarce even at exorbitant prices and consumers queue up after midnight in order to purchase in the morning one kilo of meat at about 400 dinars.
17. The shortage of all necessities is incredible. Consumers have received no soap for many months (a piece of soap costs about 70 dinars on the grey market); there are no nails, no pencils, no blades, no paper. Newspapers have hardly been available for many weeks in Zagreb. Borba and the other papers are allotted to the offices but other readers must queue up at five o'clock in the morning.

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